

*Corp report*

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International Bond  
and Equity  
Corporation Limited


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Annual Report

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1968

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# International Bond and Equity Corporation Limited

Suite 1318, 25 King Street West, Toronto, Ontario

A closed-end investment company seeking long term capital appreciation through investment in shares of selected companies

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## **Directors and Officers**

Murray M. Sinclair, *President*  
James P. Catty, *Secretary-Treasurer*  
R. John Lawrence  
William F. Mitchell

## **Registrar and Transfer Agent**

Montreal Trust Company  
15 King Street West, Toronto

## **Banker**

Canadian Imperial Bank of Commerce  
25 King Street West, Toronto

## **Auditors**

Clarkson, Gordon & Co.  
Chartered Accountants  
15 Wellington Street, Toronto

## **Legal Counsel**

Campbell, Godfrey & Lewtas  
Toronto-Dominion Center, Toronto



# Directors' Report to the Shareholders

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The year 1968 was one of considerable progress for International Bond and Equity Corporation Limited. Net assets per share increased approximately 93% to \$16.54. In the same period the Toronto Industrial Index rose 16% and the Dow-Jones Industrials increased in value 4%.

On page 5 we provide brief comments on the company's investment securities whose market values are set out on page 4. This does not include the holdings of North American Equity and Development Corporation Limited, a wholly-owned subsidiary which trades in securities and has contributed significantly to the 1968 profits.

The investment outlook for the early part of 1969 is challenging. Both the U.S. and Canadian governments are still increasing their money supply rapidly. The Gross National Product in Canada is likely to grow by approximately 6½% of which about 3½% will be price inflation and the balance real growth. Major areas of increase will be in business expenditure for new plants and consumer spending. However, while helpful in the short run to the investor, the present rapid monetary inflation is untenable in the long run and if not checked (and the ability or desire of governments to check it appears open to doubt) there could be most serious consequences. While we do not believe this is likely to happen, your management constantly reviews all holdings in light of current conditions. Since the year end your directors have effected portfolio changes through the sale of certain holdings whose market price appeared high in relation to their intrinsic value and existing market trends. A few additions have been made but the net effect was to increase flexibility.

In 1969, as in preceding years, your management's objective will be to increase the net assets per share through investment in securities of growth companies. In general these will be marketable securities, but from time to time purchases may be made of securities that appear particularly attractive and are likely to become marketable in the near future. Such holdings, are valued at cost.

Your directors constantly seek attractive areas of investment and this year because of the increasing amounts of money and the large number of leisure hours available to the average person, decided to invest in the leisure field. As no suitable Canadian public company in this field could be located, International Bond formed Leisure Activities Limited, to acquire private companies. The first such acquisition was Major Pool Equipment Corporation (Canada) Limited, the largest manufacturer of packaged steel and vinyl pools in the Commonwealth. It is intended to expand Leisure Activities through other acquisitions and ultimately to arrange a public offering of Leisure shares, giving priority to the shareholders of International Bond.

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A prospectus was recently filed with the Ontario Securities Commission for your Company's first public offering of treasury shares. The offering is expected to be 130,000 units each consisting of one Class A share accompanied by a Warrant. Subject to approval by the OSC this offering should be completed by April.

During 1968, dividends of 27½¢ a share were paid compared with 25¢ in 1967. During 1969 it is intended to pay 2 semi-annual dividends of 15¢ a share for a total of 30¢.

Your management looks forward to the investment challenge of 1969 and will seek to take advantage of developing market trends and invest in those situations which will contribute to your company's record of capital growth.

The annual meeting will be held at 9.30 a.m. on March 13, in the British Columbia room of the Royal York Hotel, Toronto. It is hoped all shareholders will attend this meeting.

Respectfully submitted  
on behalf of the Board

Murray M. Sinclair, *President*

Toronto, Ontario  
February 25th, 1969



# International Bond and Equity Corporation Limited

and its wholly-owned subsidiary

## North American Equity and Development Corporation Limited

### Investment Securities

December 31, 1968

		Market Value
<b>Convertible debentures</b>		
\$100,000	Bramalea Consolidated Development Limited, 7½ %, October 1, 1978	\$ 135,000
100,000	Dynasty Explorations Limited, 7%, April 1, 1982	120,000
50,000	Major Holdings & Development Limited, 7¼ %, December 15, 1988	60,000
100,000	Peace River Mining & Smelting Limited, 7½ %, February 15, 1983	110,000
20,000	Pure Silver Mines Limited, 8%, April 1, 1978	135,000
50,000	Supreme Oil and Gas Limited, 8%, May 31, 1969	65,000
100,000	Trihope Resources Limited, 7%, June 21, 1978	187,500
<b>Equity Securities</b>		
2,000	Anaconda Mines Inc.	139,040
10,000	Aquacare International Limited	150,000
3,000	Burns Foods Limited	60,000
6,000	Creative Services Inc., cum 3,000 warrants (note)	32,432
25,000	Life Investors Limited	218,750
3,000	Livingston Industries Limited — warrants	60,750
2,000	McLouth Steel Inc.	87,200
3,000	C. A. Pitt Engineering & Construction Limited	65,625
10,000	Seaway Multi Corporation Limited (note)	255,000
8,000	Standard Broadcasting Limited	92,000
3,000	Valley Metallurgical Inc.	91,890
10,000	Versatile Manufacturing Limited, Class A	80,000
		<b>\$2,145,187</b>

**Note:** Valued at book value because of restrictions on transfer of securities.

(See notes on page 11)



# Description of Investment Securities

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## **Anaconda Mines Inc.**

The second largest copper producer in the world and a major beneficiary of the recently increased prices.

## **Aquacare International Limited**

A new Canadian company in the rapidly growing pollution control field.

## **Bramalea Consolidated Development Limited**

A large real estate company, Bramalea is currently developing a satellite city at Brampton, Ontario on the outskirts of Toronto. The pace of this development has increased in recent years and we expect that Bramalea will achieve increasing profits.

## **Burns Foods Limited**

Canada's second largest meat packer, which is becoming a large diversified company.

## **Creative Services Inc.**

A research oriented organization operating in rapid growth fields such as computer software and pollution control.

## **Dynasty Explorations Limited**

Holding a 40% interest in Anvill Mines, Dynasty is the only satisfactory method of investing in this major lead zinc project in the northern Yukon.

## **Life Investors Limited**

A closed-end investment company concentrating on life insurance shares, Life Investors has performed well during the past year as the basic investment merits of this industry are coming to the notice of more investors.

## **Livingston Industries Limited**

A rapidly growing specialized packaging company.

## **Major Holdings & Development Limited**

An aggressive land development company in the Kitchener area, Major Holdings initially came to the market in 1968 and has recently been listed on the Toronto Stock Exchange.

## **McLouth Steel Inc.**

U.S. specialty steel producer whose earnings are expected to start increasing in 1969.

## **Peace River Mining & Smelting Limited**

Building a major iron powder plant in the Windsor area, Peace River's new process is a tribute to Canadian technical developments.

## **C. A. Pitt Engineering & Construction Limited**

A successful general construction and engineering company operating throughout Canada.

## **Pure Silver Mines Limited**

An aggressive Canadian exploration company, Pure has a 30% interest in a group of silver mines in Mexico. These mines are likely to form one of that country's largest future producers.

## **Seaway Multi Corporation Limited**

During 1969 Seaway expanded rapidly from a small local hotel chain to an international multi product conglomerate.

## **Standard Broadcasting Limited**

Operators of the number one radio stations in both Toronto and Montreal, Standard is currently seeking a Toronto TV outlet.

## **Supreme Oil and Gas Limited**

A small petroleum exploration and distribution company serving Alberta.

## **Trihope Resources Limited**

A speculative Canadian oil exploration company.

## **Valley Metallurgical Inc.**

A specialized producer of copper tubing, Valley is now going into the growth field of powder metallurgy.

## **Versatile Manufacturing Limited**

A specialized producer of farm equipment serving the wheat growing areas of Canada and the U.S.

# International Bond and Equity Corporation Limited

(Incorporated under the laws of Ontario)  
and its wholly-owned subsidiary

## North American Equity and Development Corporation Limited

### Consolidated Balance Sheet

December 31, 1968 (with comparative figures at December 31, 1967)

Assets	1968	1967
Investment securities, at market value (cost 1968 — \$1,637,362; 1967 — \$808,548) (note 5)	\$2,145,187	\$ 855,600
Inventory of trading securities, at market value (cost 1968 — \$525,138; 1967 — \$115,047) (note 5)	536,005	142,300
Investment in and advances to wholly-owned subsidiary company, Leisure Activities Limited, at cost (note 1)	141,885	—
Due from brokers on delivery of securities	22,500	—
Dividends and accrued interest receivable	7,456	1,873
Organization expenses, at cost less amounts written off	—	1,500

On behalf of the Board:

Murray M. Sinclair, *Director*

James P. Catty, *Director*

\$2,853,033	\$1,001,273
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#### Auditor's Report

To the Shareholders of  
International Bond and Equity Corporation Limited:

We have examined the consolidated balance sheet of International Bond and Equity Corporation Limited and its wholly-owned subsidiary, North American Equity and Development Corporation Limited, as at December 31, 1968 and the consolidated statements of profit and loss, earned surplus and changes in net assets for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.  
Chartered Accountants

Toronto, Canada  
February 4, 1969



<b>Liabilities</b>	<b>1968</b>	<b>1967</b>
Bank indebtedness (secured)	\$ 679,922	\$ 141,467
Accounts payable and accrued charges	25,148	46,759
Due to brokers on receipt of securities	20,000	—
Income taxes payable	20,032	300
Unsecured loans (including \$150,000 from shareholder)	354,000	—
Convertible notes due April 30, 1974 (note 3)	140,000	—
Provision for contingencies	75,000	—
Dividend payable	—	17,006
	<b>1,314,102</b>	<b>205,532</b>
<b>Shareholders' Equity</b>		
Capital stock (note 4):		
Authorized —		
500,000 participating Class A shares of \$5 par value each		
50,000 common shares of no par value		
Issued —		
50,000 Class A shares	250,000	250,000
43,025 common shares	216,125	216,125
	<b>466,125</b>	<b>466,125</b>
Contributed surplus (no change during year)	7,032	7,032
Earned surplus	447,082	148,279
Unrealized appreciation on securities	618,692	174,305
	<b>1,538,931</b>	<b>795,741</b>
	<b>\$2,853,033</b>	<b>\$1,001,273</b>

(See accompanying notes)

# International Bond and Equity Corporation Limited

and its wholly-owned subsidiary

## North American Equity and Development Corporation Limited

### Consolidated Statement of Profit and Loss

Year ended December 31, 1968 (with comparative figures for 1967)

<b>Income:</b>	<b>1968</b>	<b>1967</b>
Dividends and interest	<b>\$ 34,316</b>	<b>\$ 12,584</b>
Commissions	<b>8,000</b>	<b>—</b>
Net realized gain on security trading	<b>80,408</b>	<b>5,426</b>
	<b>122,724</b>	<b>18,010</b>
<b>Expense:</b>		
Investment counsel and management fees	<b>13,125</b>	<b>18,550</b>
Corporate expense	<b>4,963</b>	<b>1,439</b>
Interest and bank charges	<b>32,568</b>	<b>6,936</b>
Legal, audit and accounting	<b>14,300</b>	<b>3,920</b>
Miscellaneous expense	<b>1,536</b>	<b>372</b>
	<b>66,492</b>	<b>31,217</b>
Profit or (loss) before income taxes	<b>56,232</b>	<b>(13,207)</b>
Income taxes	<b>20,000</b>	<b>300</b>
Net profit or (loss) for year	<b>\$ 36,232</b>	<b>\$ (13,507)</b>

(See accompanying notes)



# International Bond and Equity Corporation Limited

and its wholly-owned subsidiary

## North American Equity and Development Corporation Limited

### Consolidated Statement of Earned Surplus

Year ended December 31, 1968 (with comparative figures for 1967)

	1968	1967
Balance, beginning of year	\$148,279	\$144,840
<b>Add:</b>		
Net profit (loss) for year	36,232	(13,507)
Net realized gain on sale of investments	364,653	41,619
	400,885	28,112
<b>Deduct:</b>		
Dividends declared	25,582	23,256
Provision for contingencies	75,000	—
Organization expenses written off	1,500	1,417
	102,082	24,673
Balance, end of year	\$447,082	\$148,279

(See accompanying notes)

# International Bond and Equity Corporation Limited

and its wholly-owned subsidiary

## North American Equity and Development Corporation Limited

### Consolidated Statement of Changes in Net Assets

Year ended December 31, 1968 (with comparative figures for 1967)

Net assets at beginning of year:	1968	1967
Capital —		
Class A shares	\$ 250,000	\$ 250,000
Common shares	216,125	216,125
Contributed surplus	7,032	7,032
Earned surplus	148,279	144,840
Unrealized appreciation on securities	174,305	118,743
	795,741	736,740

#### Changes during the year:

Income —		
Net profit or (loss) for the year	36,232	(13,507)
Capital —		
Realized gain on sale of investments*	364,653	41,619
Dividends declared	(25,582)	(23,256)
Organization expenses written off	(1,500)	(1,417)
Provision for contingencies	(75,000)	—
Increase in unrealized appreciation on securities	444,387	55,562
	706,958	72,508

Net assets at end of year	\$1,538,931	\$ 795,741
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#### Represented by:

Capital —		
Class A shares	\$ 250,000	\$ 250,000
Common shares	216,125	216,125
Contributed surplus	7,032	7,032
Earned surplus	447,082	148,279
Unrealized appreciation on securities	618,692	174,305
	\$1,538,931	\$ 795,741

#### \*Realized gain on sale of investments

Proceeds on sale of investments	\$1,779,321	\$ 257,954
Cost of investments sold —		
Investments, at cost, beginning of year	808,548	498,984
Investments purchased	2,243,482	525,899
	3,052,030	1,024,883
Less investments, at cost, end of year	1,637,362	808,548
Cost of investments sold	1,414,668	216,335
Realized gain on sale of investments	\$ 364,653	\$ 41,619

(See accompanying notes)



# International Bond and Equity Corporation Limited

and its wholly-owned subsidiary

## North American Equity and Development Corporation Limited

### Notes to Consolidated Financial Statements

December 31, 1968

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1 The consolidated financial statements include the accounts of its wholly-owned security trading subsidiary. The accounts of Leisure Activities Limited, a wholly-owned subsidiary, have not been included in the consolidated financial statements, except to the extent of the company's investment in and advances to the subsidiary, because of the different nature of its operations.

2 At December 31, 1968 the company was committed to purchase, on behalf of its subsidiary, Leisure Activities Limited, all the shares of Major Pool Equipment Corporation (Canada) Limited for \$742,000. The purchase price is \$351,000 cash, a \$250,000 6% income bond of Leisure Activities Limited and a \$140,000 convertible note and 7,000 share purchase warrants (valued at \$1,000 for purposes of the agreement) of the company. This purchase was completed on January 17, 1969.

The consolidated balance sheet of Major Pool Equipment Corporation (Canada) Limited as at August 31, 1968 indicates a total shareholders' equity of \$308,151. The excess of the purchase price of \$742,000 over the underlying book value of the net tangible assets of Major Pool Equipment Corporation (Canada) Limited and its subsidiary amounts to \$433,849. During the period from September 1, 1968 to December 31, 1968, Leisure Activities Limited and its wholly owned subsidiary, Major Pool Equipment Corporation (Canada) Limited had no material profit or loss.

3 The \$140,000 convertible notes of the company outstanding at December 31, 1968 are unsecured and entitle the holders thereof at any time prior to maturity to convert the whole or any part of the principle sum thereof into Class A shares at \$14 per share. Until conversion the holders are entitled semi-annually to receive, by way of interest, an amount equal to the amount of dividends paid after December 31, 1968 that they would have received on the Class A shares if they had exercised their right of conversion.

4 At December 31, 1968 a total of 309,025 authorized and unissued Class A shares and 6,975 authorized and unissued common shares are reserved for the following:

- (a) the issue and sale of 130,000 Class A shares to be sold at \$16.50 per share under a prospectus to be issued subsequent to December 31, 1968;
- (b) the exercise of a total of 165,000 warrants into 165,000 Class A shares to be sold under the aforementioned prospectus;
- (c) the conversion of the \$140,000 convertible notes of the company into 10,000 Class A shares;
- (d) stock options outstanding to certain directors, officers and former directors of the company in respect of 6,975 common shares at \$6.00 per share to December 31, 1969 and \$7.00 per share to December 31, 1974; 3,025 Class A shares at \$8.00 per share to December 31, 1971 and \$10.00 per share to December 31, 1976 and 1,000 Class A shares at \$9.00 per share to August 31, 1973.

5 Except as specifically indicated, the market values of the investments are the result of pricing the holdings at the closing quoted market price at December 31, 1968. Such amounts do not necessarily represent the value of entire blocks of holdings which may be more or less than the value indicated by market quotations.











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INTERNATIONAL BOND AND EQUITY CORPORATION  
LIMITED

Suite 4001, Toronto-Dominion Centre, Toronto, 1, Ont.

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To The Shareholders:

The audited consolidated annual balance sheet and income statement of the company as at December 31st, 1967, is enclosed with this letter. We also enclose an unaudited consolidated balance sheet and income statement for the period ending May 31st, 1968, which brings the financial position and the operating results almost up-to-date.

During the first two weeks of July, your management will send to all shareholders the information circular and a notice of meeting and proxy form. In addition, we will enclose at that time the company's audited June 30th balance sheet and income statement.

The annual meeting will be held on July 31st, 1968, at 9.30.a.m. at Suite 230, 48 Yonge Street, Toronto, 1. Your management looks forward to seeing shareholders at the annual meeting.

In the meanwhile, we are pleased to be able to report that the net asset value of your company's shares has been well maintained since the end of May and that, in addition, life insurance stocks and the price of Life Investors Limited has tended to become stronger since that time.

On behalf of the Board,

Yours sincerely,



President

June 20th, 1968





## INTERNATIONAL BOND AND EQUITY CORPORATION LIMITED

and its wholly-owned subsidiary company

## CONSOLIDATED BALANCE SHEET

May 31st, 1968

Assets

## Investments:

Marketable securities, at  
market value..... \$ 983,150.00

Cash..... 3,997.43

Due from brokers..... 40,719.86

Inventory of marketable securities,  
at market value..... 414,345.00

Organization expenses, at cost  
less amounts written off..... 1,500.00

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\$1,443,712.29

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Liabilities

Bank indebtedness (secured)... \$ 410,887.50

Accounts payable and  
accrued charges..... 59,389.96

Income taxes payable..... 15,761.00

486,038.46

Shareholders' Equity

## Capital stock:

## Authorized-

500,000 participating,  
Class A shares of \$5  
par value each

50,000 common shares of  
no par value each

## Issued-

50,000 Class A shares..... 250,000.00

43,025 common shares..... 216,125.00

466,125.00

Contributed surplus (no  
change during year)..... 7,032.50

Earned surplus..... 250,386.53

Unrealized appreciation on  
marketable securities..... 234,129.80

\$1,443,712.29

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INTERNATIONAL BOND AND EQUITY CORPORATION LIMITED

and its wholly-owned subsidiary company

INVESTMENT IN MARKETABLE SECURITIES

as at May 31st, 1968

<u>Shares or par value</u>	<u>Market Value</u>
<u>Bonds</u>	
\$100,000.....Dynasty Exp. 7% due 1-04-82.....	\$100,000
65,000.....James United Steel 6½% due 1-10-80.....	58,500
50,000.....Joutel Copper 6% due 31-12-75.....	48,000
40,000.....Pure Silver 8% due 1-04-78.....	60,000
50,000.....Western Mines 6% due 15-06-73.....	48,000
<u>Stocks</u>	
2,000.....Algoma Central Railway.....	16,750
2,000wts....Bramalea Cons.Developments Ltd.....	50,000
5,000.....Dickenson Mines Ltd.....	24,000
2,200.....Inter-City Gas 2nd Pref.Redemable.....	40,150
3,000wts....Inter-City Gas Ltd.....	7,500
30,000.....Life Investors Limited.....	180,000
5,000.....Rockower Ltd.....	88,750
5,000.....Siscoe Mines Ltd.....	23,750
2,000.....Standard Radio Limited.....	97,000
2,000.....Toronto-Dominion Bank.....	32,750
6,000.....Versatile Manufacturing Ltd. Class 'A'..	51,000
2,000.....Wajax Ltd.....	27,000
5,000.....Wardair Ltd.....	30,000
	<u>\$983,150</u>





INTERNATIONAL BOND AND EQUITY CORPORATION LIMITED

and its wholly-owned subsidiary company

CONSOLIDATED STATEMENT OF  
PROFIT AND LOSS AND EARNED SURPLUS

For the period ending May 31, 1968

INCOME:

Dividends and interest.....	\$ 5,041.56
Net realized gain on security trading....	<u>56,366.46</u>
	<u>61,408.02</u>

EXPENSE:

Investment counsel and management fees...	4,165.00
Corporate expense.....	298.88
Interest and bank charges.....	5,208.93
Legal, audit and accounting.....	1,500.00
Miscellaneous expenses.....	<u>40.45</u>
	<u>11,213.26</u>
Profit or (loss) before income taxes.....	50,194.76
Income taxes.....	<u>15,761.00</u>
Net profit or (loss) for the year.....	34,433.76
Earned surplus, beginning of year.....	148,278.40
Net realized gain on sale of investments.....	<u>67,674.37</u>
Dividends declared.....	<u>Nil</u>
Earned surplus to May 31st, 1968.....	<u><u>\$250,386.53</u></u>

